

Locally delivered support to replace Social Fund Community Care Grants and Crisis Loans for general living expenses

Equality impact assessment

March 2011

Equality Impact Assessment for the locally delivered support to replace Social Fund Community Care Grants and Crisis Loans for general living expenses

Brief outline of the policy

1. Community Care Grants are currently payable to anyone in receipt of certain income-related benefits in certain circumstances. They are non-repayable grants awarded for a range of expenses including household equipment and are primarily intended to support vulnerable people to return to or remain in the community or to ease exceptional pressure on families. In 2009/10 over 263,000 non-repayable Community Care Grants were awarded at a cost of £141 million, with the average award being £437.
2. Crisis Loans are interest-free loans available to anyone (whether on benefit or not) who has insufficient resources to meet their immediate short-term needs in an emergency or as a consequence of a disaster, and where a crisis loan is the only means by which to avoid serious risk to their health or safety. Repayments are deducted from benefit, and suitable recovery arrangements are made for those not on benefit. Applicants may be awarded a Crisis Loan for expenses including:
 - items or services;
 - rent in advance;
 - living expenses (including alignment payments for living expenses to cover gaps in benefit or wages)
3. The Social Fund was introduced over two decades ago as part of the Fowler reforms of the Social Security system. Since then welfare delivery has changed significantly. Current remote administrative processes do not support the high levels of discretion needed to ensure that support is targeted at the most vulnerable.
4. There has also been an unjustifiable growth in the use of Crisis Loans since 2006, when structural changes were made to the system. The number of awards made has increased from around 1 million to 2.7 million. In the last 12 months alone, over 17,000 people received ten or more Crisis Loans. The largest area of growth has been in living expenses applications – between 2006/07 and 2009/10,

expenditure has escalated from £22.9m to £70.5m, whilst the average award has remained fairly stable. This increase is primarily due to structural changes and is largely independent of the recession.

5. The remote administration of Crisis Loans means that applications for general living expenses are open to higher levels of misuse and are not targeted to those that need it most. The Department for Work and Pensions is taking measures from April 2011 to address the levels of demand in the interim period prior to local delivery of support by:
 - no longer paying Crisis Loans for items such as cookers and beds;
 - reducing the rate paid for living expenses from 75 per cent down to 60 per cent of benefit rate. This will align with the position for Jobseekers Allowance cases paid at the hardship rate; and
 - implementing a cap of three Crisis Loan awards for general living expenses in a rolling twelve month period.
6. Changes announced in the November 2010 White Paper *Universal Credit: welfare that works* (Cm7957) will see Community Care Grants and Crisis Loans for general living expenses – which are the most discretionary elements of the current scheme – being replaced by new locally-based provision delivered by local authorities in England and devolved to the governments in Scotland and Wales.
7. The Government is committed to removing burdens and controls from local government, and so there will be no new statutory duty requiring local authorities to deliver the service. Local authorities and the devolved administrations will have the flexibility to design new locally-based support to meet local needs and priorities in the best way that they see fit.
8. In line with the Government's wider localism agenda, funding will not be ring-fenced, enabling local authorities and the devolved administrations greater freedom to deliver and dovetail with existing services as they see fit according to local needs.

Rationale for reform

9. As mentioned above, from 2006 Crisis Loan applications, awards and expenditure have almost tripled and while recoveries have also been increasing it has not been to the same extent. A large proportion of the money loaned out under the Crisis Loan system is done so using repayments of previous loans together with additional money added to the Fund from HM Treasury each year. It is important to focus provision on the most vulnerable people in society. We know that the profile of claimants who access Community Care Grants, Crisis Loans and Budgeting Loans differ, with users of Crisis Loans being primarily Jobseekers Allowance claimants under the age of 35. Recipients of Community Care Grants are more likely to be lone parents and more likely to have a disability.
10. There has also been widespread criticism of the quality of decision-making and awards of support from the current Community Care Grant scheme, most recently by both the National Audit Office and the Public Accounts Committee. One of the

criticisms was that there is no mechanism for verifying claims or ensuring that the awards have been spent in the way that they were intended.

11. By moving away from a remote model of central administration to local delivery, assistance will be better targeted. In addition, customers will be better served as we know that those accessing the current service have complex needs and may benefit from an integrated, locally-delivered approach which will deliver a more responsive, better targeted and relevant service to the most vulnerable. Local delivery will also allow for better verification of claims and checks on what awards are spent on.
12. We anticipate that local authorities will want to develop a local system that will reflect the needs of their local area and build upon programmes and services that are already in place, thus enabling financial savings and a more efficient, joined-up delivery model. Local authorities may also wish to utilise existing partnership arrangements or develop new ones, such as furniture reuse services and food banks, to provide services for those in particular need.

Consultation and involvement

13. A formal consultation was held on Social Fund reform under the previous administration in March 2010 following the publication of the Green Paper *Social Fund: credit, debt and low-income families*. Whilst the majority of the proposals in that consultation have not been taken forward by the Coalition Government, we did consult on the devolution of elements of the discretionary Social Fund to Scotland following the recommendations of the Calman Commission, and the involvement of local agencies in the delivery of Social Fund loans and grants. The responses to these areas of consultation were largely positive.
14. The Department for Work and Pensions is currently involved in discussions with the devolved administrations and, together with the Department for Communities and Local Government, with local authorities in England. The Department is also engaging with local authorities and key stakeholders in a targeted involvement programme following the publication of an informal call for evidence on 17 February 2011.

Other policy options considered

15. The policy options considered were:
 - Do nothing and continue to meet the increasing demand of the crisis loans and provision of Community Care Grants.
 - Moving the delivery of Crisis Loans to a face to face service in Jobcentre Plus offices.
 - Replace the discretionary Social Fund with a locally-delivered system of support.
16. The first two options were not pursued as they would mean a large increase in Government expenditure and would not represent value for money for the taxpayer. Neither would they have addressed the issue of abuse to the system or

the lack of more integrated support for vulnerable claimants. Locally-delivered support will mean improved targeting and a local response to the most relevant issues in the local area.

Impact of replacing Community Care Grants and Crisis Loans for general living expenses with a locally-delivered scheme

17. This section analyses the impact of localising Community Care Grants and Crisis Loans in terms of gender, race, disability, age. The current system of grants and loans are of particular importance to people who are covered by equality legislation. This may be due to:

- having characteristics that make them more or less likely to take up either a Community Care Grant or a Crisis Loan
- take up and differential outcomes

18. In addition when the Social Fund decision maker considers an application for a Community Care Grant (non-repayable), they apply the conditions in the legislation which are favourable towards some of our diverse groups. For example:

- if there is a disabled child in the household incurring higher care costs;
- young people leaving Local Authority care; and
- customers are providing support to vulnerable friends or relatives.

Gender

Crisis Loans

19. In 2009/10 58% of final decisions for Crisis Loans were made to single males, 34% made in respect to single females and 8% made in respect to couples. The success rates were the same for single males and females (76%) and 74% for a couple. The majority of applications are made by unemployed recipients¹ and the award rate is a reflection of the profile of customers who currently claim JSA as 28% of the JSA caseload are female without children². In the current system there are no differences between male and female success rates and no indication this would change if a similar assessment of eligibility is applied in a locally-delivered system.

¹ Social Fund Annual Report <http://www.dwp.gov.uk/docs/2010-annual-report-social-fund.pdf>

² Using DWP data from May 2010 and DWP online tab tool http://83.244.183.180/100pc/dla/tabtool_dla.html

Table 1. Crisis Loan final decisions by gender

Category	Number	% of total
Couple	292,960	8%
Single Female	1,182,720	34%
Single Male	2,018,430	58%
Total	3,494,110	100%

Table 2. Crisis Loan award success rates based on final decisions by gender

Category	Number	Success rate
Couple	217,720	74%
Single Female	902,330	76%
Single Male	1,537,740	76%
Total	2,657,790	76%

Community Care Grants

20. In 2009/10 49% of Community Care Grant final decisions made in respect to single females, 36% made in respect to single males and 15% made in respect to couples. The success rates for single females were slightly higher (49%) than single males (42%) but lower than couples (53%). Single females who are more likely to be caring for children are advantaged by the current system. During the assessment stage a higher number of women than men are seen as having sufficient needs to be awarded a Community Care Grant. There is no evidence to suggest that this will change under a locally-delivered system using similar criteria.

Table 3. Community Care Grant final decisions by gender

Category	Number	% of total
Couple	92,540	15%
Single Female	311,590	49%
Single Male	228,090	36%
Total	632,220	100%

Table 4. Community Care Grant final awards and success rates based on final decisions by gender

Category	Number	Success rate
Couple	49,440	53%
Single Female	151,550	49%
Single Male	96,450	42%
Total	297,440	47%

Age

Crisis Loans

21. In 2009/10 a small proportion of Crisis Loans final decisions were made in respect of customers under 18 (3%) and over 45 (13%). The largest proportion (37%) of final decisions were made in respect of customers between 18 to 24 years old. Customers 65 and over also have lower success rates. Given the relative total numbers of people in the younger and older population brackets, younger people are currently more likely to apply than older people. We do not have sufficient information to understand why older people are less likely to apply and be awarded a crisis loan. However, the provision of a locally-delivered service may promote a more equal spread of applications across the age ranges. A locally-delivered system would be better able to identify the most vulnerable people in the area in part because of other related services already being provided and offer appropriate assistance accordingly.

Table 5. Crisis loan final decisions by age

Age band	Number	% of total
Under 18	89,110	3%
18 to 24	1,283,090	37%
25 to 34	1,007,410	29%
35 to 44	655,930	19%
45 to 49	216,170	6%
50 to 54	129,410	4%
55 to 59	75,090	2%
60 to 64	23,700	1%
65 to 69	8,150	0%
70 to 79	5,280	0%
80 to 89	730	0%
90 and over	40	0%
Total	3,494,110	100%

Table 6. Crisis Loan award and success rates based on final decisions by age

Age band	Number	Success rate
Under 18	67,110	75%
18 to 24	942,990	73%
25 to 34	773,410	77%
35 to 44	515,070	79%
45 to 49	170,720	79%
50 to 54	102,200	79%
55 to 59	59,170	79%
60 to 64	17,710	75%
65 to 69	5,600	69%
70 to 79	3,370	64%
80 to 89	430	59%
90 and over	20	55%
Total	2,657,790	76%

Community Care Grants

22. In 2009/10 the lowest proportion of final decisions were made in respect of those below the age of 18 and over the age of 45, because they are less likely to apply. However, success rates are higher for those customers aged 45 and over, and applications by older people are more likely to be successful as they may be more likely to meet the criteria as set out in Directions. Provision through a locally-delivered service may have an impact on the application rates from older people. A locally-delivered system would be better able to identify the most vulnerable people in the area in part because of other related services already being provided and offer appropriate assistance accordingly.

Table 7. Community Care Grants final decisions by age

Age band	Number	% of total
Under 18	8,490	1%
18 to 24	152,250	24%
25 to 34	167,460	26%
35 to 44	133,970	21%
45 to 49	50,760	8%
50 to 54	36,570	6%
55 to 59	27,020	4%
60 to 64	21,490	3%
65 to 69	13,730	2%
70 to 79	15,600	2%
80 to 89	4,390	1%
90 and over	490	0%
Total	632,220	100%

Table 8. Community Care Grants final award and success rates based on final decisions by age

Age band	Number	Success rate
Under 18	3,700	44%
18 to 24	57,530	38%
25 to 34	73,970	44%
35 to 44	66,800	50%
45 to 49	25,990	51%
50 to 54	19,500	53%
55 to 59	14,990	55%
60 to 64	12,810	60%
65 to 69	8,420	61%
70 to 79	10,260	66%
80 to 89	3,130	71%
90 and over	350	70%
Total	297,440	47%

Disability

Crisis Loans

23. The definition of disability used in the tables below is based on whether a benefit recipient has a disability marker on the administrative datasets which is added by advisers when a customer states they have a disability.

24. In 2009/2010 31% of Crisis Loan final decisions were made in respect of disabled people and this represents an increase of 11 percentage points on the previous year. We do not have sufficient information to understand if this is proportionate to the total benefit caseload, but it is broadly proportionate to the JSA caseload. Overall success rates are very similar for disabled customers (76%) compared to non disabled customers (77%). There have been increases in the number of disabled customers accessing Crisis Loans. We do not have adequate information to understand the reasons why, although it is likely to be a result of increasing ESA claimants being eligible for Crisis Loans. There is no evidence to suggest that this will change in a locally-delivered system. A locally-delivered system would be better able to identify the most vulnerable people in the area in part because of other related services already being provided and offer appropriate assistance accordingly.

Table 9. Crisis Loan final decisions by disability

Disability status	Number	% of total
Not disabled	2,334,300	66%
Disabled	1,096,270	31%
Not considered	5,650	0%
Unknown	76,690	2%
All	3,512,920	100%

Table 10. Crisis Loan final awards and success rates based on final decisions by disability

Disability status	Number	Success rate
Not disabled	1,766,750	76%
Disabled	844,360	77%
Not considered	4,260	75%
Unknown	54,460	71%
All	2,669,830	76%

Community Care Grants

25. In 2009/10 33% of Community Care Grant final decisions were made in respect of disabled people and this represents an increase of 12 percentage points on the previous year; the increase is probably due to the introduction of Employment and Support Allowance where the income related part is a qualifying benefit for Community Care Grants. Overall success rates are higher for disabled customers (48%) than for non-disabled customers (43%). Disabled customers are currently well served by the Community Care Grant system and there is no evidence to suggest that this will change in a locally-delivered system. A locally-delivered system would be better able to identify the most vulnerable people in the area in

part because of other related services already being provided and offer appropriate assistance accordingly.

Table 11. Community Care Grants final decisions by disability

Disability status	Number	% of total
Not disabled	358,890	57%
Disabled	210,620	33%
Not considered	4,850	1%
Unknown	59,560	9%
All	633,930	100%

Table 12. Community Care Grants final awards and success rates based on final decisions by disability

Disability status	Number	Success rate
Not disabled	155,980	43%
Disabled	101,540	48%
Not considered	3,120	64%
Unknown	37,190	62%
All	297,830	47%

Ethnicity

Crisis Loans

26. In 2009/10 79% of Crisis Loan final decisions are made in respect of white customers with some ethnic groups receiving less than 1% of the final decisions and this remains consistent with previous years. Preliminary analysis suggests that this is proportionate to the general JSA caseload – these claimants are the highest users of Crisis Loans. Overall success rates are slightly higher for white customers than other groups. We do not currently know why there are marginally different success rates for customers from some different ethnic groups. A locally-delivered system would be better able to identify the most vulnerable people in the area in part because of other related services already being provided and offer appropriate assistance accordingly.

Table 13. Crisis Loan final decisions by ethnicity

Ethnic group	Number	% of total
White	2,777,560	79%
Mixed	69,020	2%
Asian or Asian British: Indian	19,790	1%
Asian or Asian British: Pakistani	31,230	1%
Asian or Asian British: Bangladeshi	9,740	0%
Asian or Asian British: Other Asian	9,830	0%
Black or Black British: Black Caribbean	78,920	2%
Black or Black British: Black African	61,830	2%
Black or Black British: Other Black	21,270	1%
Chinese or Other Ethnic Group: Chinese	1,040	0%
Chinese or Other Ethnic Group: Other Ethnic Group	30,050	1%
Prefer not to say	178,790	5%
Unknown	223,840	6%
All	3,512,920	100%

Table 14. Crisis Loan awards and success rates based on final decisions by ethnicity

Ethnic group	Number	Success rate
White	2,130,500	77%
Mixed	51,460	75%
Asian or Asian British: Indian	14,090	71%
Asian or Asian British: Pakistani	21,240	68%
Asian or Asian British: Bangladeshi	6,200	64%
Asian or Asian British: Other Asian	6,920	70%
Black or Black British: Black Caribbean	58,310	74%
Black or Black British: Black African	44,000	71%
Black or Black British: Other Black	15,580	73%
Chinese or Other Ethnic Group: Chinese	710	68%
Chinese or Other Ethnic Group: Other Ethnic Group	21,090	70%
Prefer not to say	134,080	75%
Unknown	165,640	74%
All	2,669,830	76%

Community Care Grants

27. In 2009/10 65% Community Care Grant final decisions were made in respect of white customers with some ethnic groups receiving less than 1% of the final decisions and this remains consistent with previous years. Preliminary analysis suggests that this is proportionate to the general JSA caseload, although there is a higher number in the unknown ethnic group which may impact on our assumptions. However, there is a higher number of prefer not to say or unknown responses in this data set. Overall success rates are slightly higher for all ethnic minority customers (average of 46%) than white customers (average of 44%) and overall success rates have decreased at the same rate for ethnic minority and white customers from 2008/09 figures. Customers from ethnic groups are currently well served by the Community Care Grant system and there is no evidence to suggest that this will change in a locally-delivered system. A locally-

delivered system would be better able to identify the most vulnerable people in the area in part because of other related services already being provided and offer appropriate assistance accordingly.

Table 15. Community Care Grant final decisions by ethnicity

Ethnic group	Number	% of total
White	413,490	65%
Mixed	10,650	2%
Asian or Asian British: Indian	3,080	0%
Asian or Asian British: Pakistani	6,970	1%
Asian or Asian British: Bangladeshi	2,260	0%
Asian or Asian British: Other Asian	2,270	0%
Black or Black British: Black Caribbean	14,030	2%
Black or Black British: Black African	15,010	2%
Black or Black British: Other Black	3,760	1%
Chinese or Other Ethnic Group: Chinese	480	0%
Chinese or Other Ethnic Group: Other Ethnic Group	8,710	1%
Prefer not to say	32,830	5%
Unknown	120,400	19%
All	633,930	100%

Table 16. Community Care Grant final awards and success rates based on final decisions by ethnicity

Ethnic group	Number	Success rate
White	180,470	44%
Mixed	4,680	44%
Asian or Asian British: Indian	1,340	43%
Asian or Asian British: Pakistani	3,100	44%
Asian or Asian British: Bangladeshi	1,000	44%
Asian or Asian British: Other Asian	1,070	47%
Black or Black British: Black Caribbean	5,940	42%
Black or Black British: Black African	6,900	46%
Black or Black British: Other Black	1,670	44%
Chinese or Other Ethnic Group: Chinese	280	58%
Chinese or Other Ethnic Group: Other Ethnic Group	3,900	45%
Prefer not to say	15,250	46%
Unknown	72,240	60%
All	297,830	47%

Monitoring and evaluation

28. The material in this Equality Impact Assessment covers the equality groups currently covered by the equality legislation, i.e. age, disability, gender, and ethnicity. From 2011 sexual orientation, religion and pregnancy/maternity will also be covered by the equality legislation; with the exception of maternity, these groups will not be captured in the Departmental administrative information. We have requested for information on religion and sexual orientation to be included in the main survey used for low income and poverty analysis from April 2011. Also,

as part of our actions in the context of the data requirements under the Equality Act, we are looking across DWP activities to identify and address further gaps in data provision wherever reasonable.

29. At present we do not intend to monitor the impact of the policy as this will cease to be DWP business. However, local authorities are obliged to adhere to the law on discrimination and equality and have the same duties to provide Equality Impact Assessments as central government departments.

Next steps

30. The measure to end payments from the discretionary Social Fund has been introduced in the Welfare Reform Bill. Discussions are ongoing with local authorities, a range of stakeholders and other government departments in terms of how the local support is delivered locally. Upon the introduction of local support, responsibility will rest with local authorities who are obliged to adhere to the law on discrimination and equality and have the same duties to provide Equality Impact Assessments as central government departments.

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